

Early wheel-spinning where momentum was sought

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The first fortnight of Christopher Luxon's premiership has been marked by shock from the health sector and the left about the reversal of the previous government's smoke-free strategy and the fiscal rationale that partially drives it. The NZ First and Act policies targeting Maori language, culture and preferential funding risk becoming a distraction to the government's desire to show momentum on economic issues.

Dec 20 mini-Budget – prepare for “fiscal cliffs”

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Nicola Willis says there are so many “fiscal cliffs” that Treasury is still trying to find them all, although the truth is somewhere in the middle. Most costs have been clearly flagged, not all have been clearly costed or were never properly treated as permanent appropriations. It remains to be seen whether the Dec 20 mini-Budget will be much more than a souped-up version of the annual Budget Policy Statement.

Hitting the ground running in 2024

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Parliament may sit up until Friday, Dec 22, this year and is expected to resume a fortnight earlier than usual on Jan 23 next year. Cabinet will also meet a fortnight earlier than is usual, in the week of Jan 15. This partly reflects a large legislative programme, but is also intended to be symbolic of a new government getting on with it.

A return to protests on Waitangi Day

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Christopher Luxon appears likely to front at the Treaty grounds on Waitangi Day rather than marking the national day at regional locations, as previous National Party PMs did. While the volatility of protests on Te Tii (the lower) marae will not occur because all formalities are now on the upper Treaty grounds, the potential for angry protest is inescapable.

What to make of a Cabinet paper leak

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The leaking of a Cabinet paper at any time, let alone within days of a new government being sworn in, is unheard of and can only be read as indicating the turmoil the new administration is causing in parts of the public service.

Polytech reforms start to unwind

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The new tertiary education minister, Penny Simmonds, wants early thinking by Dec 15 from Te Pukenga's Council about how it will implement the new government's policy to unwind Chris Hipkins's “mega-polytech” merger of trades and skills training.

Final edition – December 20

We will publish a short-form final edition of HUGOvision on Wednesday, Dec 20, covering the contents and implications of the Treasury's HYEPU and the government's mini-Budget, along with significant legislative developments prior to Christmas. Publication will resume on Jan 26.

A shaky start

Christopher Luxon has had a challenging first fortnight in the Beehive with wheel-spinning over race and smoking cessation policy overshadowing his stated intention to create momentum on economic policy and recovery.

Much of the angst being generated over performative policies such as changing the order in which government agencies use Maori in their names is from an outraged left. However, the constituency for rolling back te ao Maori initiatives by the last government is likely to have a fairly short half-life.

Luxon will need to wrangle the agenda back to the economy by early next year if the government is not to become bogged down in its own version of the distractions that race-based issues created for the previous government.

Up-staging by Winston Peters has also emerged early as an issue, but despite expectations among some in the news media that Luxon would or should be seen to rein him in, it appears Luxon will roll with it.

While he appeared at times apprehensive as he sat beside Peters during his deputy's first speech in the House, during the Address in Reply debate, Luxon appears to be accepting that Peters will pursue NZ First's political differentiation through force of personality in domestic politics.

A different Peters was on display in his first outing as Foreign Minister. His speech to the NZ-US Business Council summit was textbook MFAT, delivered in sober style.

Luxon may be calculating that attempting to discipline Peters will more likely play into Peters's hands than achieve a pacifying result.

Letting "Winston be Winston" worked, at least to some extent, for Jacinda Ardern between 2017 and 2020, when Peters survived both as a Minister and in the coalition, even taking an uncontroversial turn as acting PM when she took leave to have her first child.

The coalition agreement specifies a dispute resolution process for the three parties, which may be of some help if an when friction arises in the coalition.

There is a potential role for Shane Jones as a mediator between what are inevitably racist elements of the backlash against the rise of Maori language and culture in public life and the extent to which bi-culturalism has become embedded as part of NZ's emergence as a multi-cultural society.

Jones is already uncomfortable with some of Peters's racial rhetoric, but is more concerned to head off Act's attempts to drive Treaty policy, which he sees as not only divisive, but also as a threat to a part of NZ

First's core constituency.

Jitters from a leaked Cabinet paper

The significance of a Cabinet paper being leaked so early in the term of a new government cannot be under-estimated.

Leaks are not uncommon, but Cabinet paper leaks are almost unheard of.

Whether it was the action of one of the coalition partners or, more likely, a partisan act by an aggrieved public servant, the leak of a paper critical of the repeal of Fair Pay Agreements legislation is a serious breach. Cabinet papers almost never go astray in this way.

In an environment where trust between the new administration and the core public service is only just starting to be established, it has an inevitable effect on politicians wary they are inheriting a hostile workforce.

Not only is the core public service, targeted for heavy cuts, mainly Wellington-headquartered, but the city is notably liberal. It did not swing to the centre-right, electing two Green electorate MPs and returning Greg O'Connor to narrowly beat Nicola Willis in Ohariu.

Early indications suggest the public service leadership is professional and is working to serve the government of the day. That not only allows but requires public servants to give free and frank advice that FPAs should be kept.

The advice is uncontroversial, in that the IMF country report on NZ, published just before the election, that Australia's collective bargaining culture had restrained wage growth that rocketed away in NZ in the last couple of years.

However, the talk around many Wellington bureaucracy water coolers is pessimistic and, in some cases, angry over not only the fear of job losses, but also the explicit de-Maorification being required by the new government. Use of te reo is beginning to be interpreted as sign of opposition to that impulse that could be career-limiting.

That is demonstrated in the other damaging leak: from MFAT, showing that the CE, Chris Seed, instructed staff to remove te reo sections of some briefing papers. Some 300 of the ministry's 1,800 staff signed a petition venting their concern at the move.

Under Labour, te reo proficiency was career-enhancing, as the existence of bonuses for te reo proficiency shows.

As noted, the government is walking a tightrope

politically. Winding back from a period of progressive Maori policy to something more sedate is attuned to a growing number of NZers who felt it has all gone a bit far.

However, the point at which it reveals that the country is becoming backward-looking on race relations is a danger zone.

For all that many public servants may secretly hope for less performative and productivity-sapping protocol in the future, the normalising of Maori into NZ language is too far advanced to be stopped.

More to the point, Luxon does not support that outcome.

The leaks themselves most likely suggest significant resistance from some in the public service to the new government's plans.

The public service union, the PSA, expressed solidarity with Te Pati Māori's protest on the day of the commission opening of Parliament – a pointed, political attack on the new government's agenda by the public sector union.

However, there are dangers for the union movement too. That involvement will do little to assuage overblown but not unfounded fears that the public service has erred from strict neutrality, particularly on social and Tiriti issues.

RMA reform

The government will repeal the Natural and Built Environment and Spatial Planning Acts by Christmas and replace them with the previously repealed Resource Management Act.

The responsible minister, Chris Bishop, confirmed that the RMA will be unamended at this stage. It will contain all previous Treaty-related clauses and legislation to add new fast-track resource consenting will be introduced separately.

The new government can expect a flurry of legal action on its planned changes to environmental and planning policy, Environmental Defence Society CEO Gary Taylor said. The repeal of the Spatial Planning Act was "unfathomable", given its capacity to assist in overcoming some of the RMA's widely acknowledged deficiencies.

Orr in Luxon's good books

Ironically, given the serious butting of heads over the past 24 months, the public service chief Luxon appears happiest with at the moment is Adrian Orr.

Luxon is sold on Orr's laser focus on inflation reduction – again, despite earlier remarks to the contrary. Against expectation, the greater tension

appears to be between the Beehive and Treasury.

A testy Waitangi Day looms

Luxon is leaning towards attending commemorations at Waitangi itself, breaking from the practice of the Key-English government, who tended to go to local events.

Given the protests observed this week, Waitangi Day next year has all the ingredients for one of the most volatile since the 2004 foreshore and seabed protests and the fiscal envelope protests of the mid-1990s.

The local iwi's decision to move events from the lower marae, usually where protest and speech-making has mostly occurred, to the upper marae years ago means we are unlikely to see a return to the chaos of the 1990s and 2000s.

The summit called by the Māori King Tuheitia for Jan 20 will be a guide to the way the current state of race relations plays out on the national day.

Tuheitia is aligned with Te Pati Māori. Ministers will surely attend an Iwi Chairs Forum meeting the week prior to Waitangi Day. The Forum was John Key's preferred method of engaging with Māori, but it has lost much of its influence more recently.

100 days and Christmas

MPs are still discussing whether to make Parliament sit for two extra days this year, adjourning on Friday 22nd instead of Wednesday 20th.

The new government wants to make a virtue of the fact it is working "right up to Christmas", although it may face some internal opposition, given Parliamentary staff have already booked breaks.

National has released a 100-day plan, and is proposing before Christmas, probably under urgency, to:

- scrap Labour's RMA reforms and revert to the old RMA;
- scrap the EV subsidy scheme (ute tax);
- scrap Fair Pay Agreements, and;
- restore the Reserve Bank's single mandate.

The more complicated stuff – drawing up a new transport budget, repealing the Auckland Regional Fuel Tax, and banning gang patches will take longer.

Legislation to achieve these goals will be introduced within the first 100 days, for passage next year after a normal select committee process.

Dec 20 mini-budget

As expected, the government will deliver a mini-Budget on Dec 20, coinciding with the release of the Treasury's Half Year Economic and Fiscal Update.

Indications are that it will be less a full-blown policy document. It may effectively be a super-charged version of the Budget Policy Statement, which is always delivered with the HYEPU.

Early start to 2024

Cabinet will return on the week of Jan 15, earlier than usual, although Parliament might wait until Tuesday, Jan 23 to return, about a fortnight earlier than usual. Parliament in the past has returned after Waitangi Day.

Maharey gone, Hodgson next?

Former Labour Minister Steve Maharey was the first of a number of Labour appointments to public sector governance roles to resign.

The question now is who is next.

The most obvious candidate is Pete Hodgson, another Helen Clark-era Minister, who chairs Callaghan Innovation.

The scathing report from the Auditor-General into Callaghan's management of conflicts of interest and natural justice in an RFP process last year (*see separate item*) would appear to make Hodgson's position untenable.

The Callaghan board was kept fully briefed on the saga as it developed. However, the responsible Minister, Judith Collins, is not at this stage seeking a resignation. She will consider the A-G's report carefully first.

Also unclear at this stage is the fate of several Labour-appointed ambassadors. Trevor Mallard, currently ambassador in Ireland, is unlikely to survive Winston Peters as Foreign Minister.

Peters is demonstrating an acute persecution complex as an element of his deputy prime ministership and has never forgiven Mallard for his actions against the anti-mandate protesters on Parliament grounds early last year.

Phil Goff in London and Annette King in Canberra may be on safer ground, being closer to the end of their tenure. King, in particular, has been an effective advocate for NZ in Australia.

Maharey relinquished his chairmanship of the ACC and Pharmac.

Te Pūkenga unwind starts

The trades training and polytech sector faces a new round of upheaval as the new government begins unwinding the national "mega-polytech" – one of Chris Hipkins's signature reforms as Education Minister.

Tertiary Education Minister Penny Simmonds has sought advice by Dec 15 on how quickly regional decision-making can be restored and on the status of its current work plans because of the

disestablishment decision.

She sought advice on how the organisation would work to stop any activities that "reduce integral capability in the former ITP business divisions" and on whether plans for recruitment of "the large number of new, national roles" and "other restructuring activities are appropriate".

Simmonds acknowledged in new Letter of Expectations to Te Pūkenga Council chair Murray Strong that there would be "significant uncertainty" created by the change in policy.

One immediate implication of the disestablishment is presumed to be an end to the \$450m IT project that was to have combined 16 polytechs' systems into one. Te Pūkenga was voted a \$220m loan help fund this project in the Budget this year, having requested \$330m for that purpose.

Local government repositioning

Local governments in Auckland, Wellington and Christchurch are all showing, in differing ways, how they are preparing to deal with looming fiscal challenges and the new political environment created by a change of government.

In all three cases, the future of council-owned, income-generating assets are at least a part of the core debate.

In Auckland, mayor Wayne Brown has proposed the creation of a "sovereign wealth fund" approach, which would seek to diversify the city's income streams to make them less dependent on the fortunes of the city alone.

Part of that proposal includes moving relatively swiftly to use a long term management contract for the Ports of Auckland as part of a wider strategy to shrink the port's footprint and allow the CBD to spread out along its waterfront.

That plan is already proving contentious and support for it among a majority of councillors is not assured, as indicated by Brown's commissioning a Curia poll to show there was public support for the proposal.

Meanwhile, the newly appointed chair of Christchurch City Holdings, Abby Foote, delivered a major speech at the council-controlled company's first public AGM, questioning why the city should be satisfied with its current ownership of \$5b-plus of assets, not all of which are performing strongly.

"CCHL is a significantly under-utilised asset of the council and the ratepayers of the city," she said, acknowledging the foresight of those made initial investments over the last 30 years while questioning whether the asset mix was optimal for the city's next

three decades.

CCHL controls 100% of EcoCentral, Citycare Group, Lyttelton Port Company and fibre broadband provider Enable, as well as 75% of Christchurch International Airport and 89% of lines company Orion.

In Wellington, the council has agreed to place the sale of its 34% stake in Wellington airport into its 2024-34 long term plan.

With the government withdrawing support for the Let's Get Wellington Moving transport funding plan, it would appear that the controversial pedestrianisation of the city's Golden Mile will be shelved indefinitely.

However, the council this week unveiled a design competition for the replacement of the quake-prone administration buildings between the Town Hall and library, both of which are being quake-strengthened at huge and escalating expense.

The council has also voted not to offer rate relief to the city's businesses, in order to soften substantial likely rate increases for ratepayers.

ANZUS relations

At the US Business Summit in Auckland, foreign minister Winston Peters struck a distinctly more hawkish tone than the previous government, while appealing directly to the US ambassador to NZ, Tom Udall, saying NZ had been waiting more than 80 years for a trade deal.

Peters was more explicit than any minister in the previous government about the benefits for NZ of being included in the defence and security technology opportunities created by what is known as AUKUS pillar 2.

He said NZ had to "do more and pay more to be respected" and that this was the "least" Australia could expect of the country.

The new government, and Peters, see things differently. It thinks that cyber threats are so great and costly that NZ cannot afford to go out on its own and that Aukus provides advantages beyond post-WW2 Five Eyes intelligence-gathering relationship.

Note Defence Minister Judith Collins's statement today condemning "malicious cyber activity conducted by the Russian government", in concert with other Five Eyes members.

The government also fears that Aukus opens the door to a two-speed Five Eyes arrangement, with a core of the US, the UK, and Australia, and a periphery of Canada and NZ.

Naval capability

The RNZN this week announced it would begin trialling an Australian-made long range maritime drone for possible deployment in NZ's EEZ. The drones are capable of operating at sea indefinitely and in very rough ocean conditions typical of parts of NZ's area of influence.

Developed by Sydney-based Ocius Technologies, the uncrewed vessels are powered by a combination of solar, wind and wave energy and use a retractable rigid sail to provide wind propulsion. Photo-electric cells on the sail can drive its motor.

Visiting friends and neighbours

The new government is taking early steps to engage with regional neighbours.

PM Luxon is planning what is likely to be a one day trip to Australia for a first meeting peer-to-peer with Anthony Albanese. That may occur on Dec 20, taking Luxon out of the country for the mini-Budget, but be unavoidable if he wants to see Albanese before Christmas.

Defence Minister Judith Collins was in Noumea in recent days participating in a Pacific Islands defence and security dialogues.

Winston Peters's first overseas travel will be to Fiji next week, with media and a business delegation. A trip to Japan to meet with Pacific Islands Forum leaders is also in the works.

Jam tomorrow as carbon auction fails

The year's fourth and last carbon auction failed to clear. The outcome was expected and while it produces less revenue than forecast for the current fiscal year, the result is expected to put upward pressure on carbon prices in 2024, consistent with the new government's determination to make the ETS the primary source of pressure for action on decarbonisation.

Labour reshuffle

Chris Hipkins's reshuffle left finance, social development, health, education, and police portfolios with their former ministers.

David Parker lost environment to Rachel Brooking, gaining foreign affairs. Megan Woods lost housing to Kieran McNulty. Up-and-comer Tangi Utikere got transport. Barbara Edmonds has economic development, infrastructure and associate finance. A new "Wellington Issues" portfolio is created. ■

DOMESTIC ECONOMY

Markets unconvinced by tough talk from RBNZ

The Reserve Bank kept the OCR on hold at 5.5%, as widely expected, but didn't close the door to further rate hikes. The OCR forecasts put the rate at 5.6% in Dec 2023; lifting to 5.7% in June 2024 before easing back to 5.6% in March 2025.

The MPS was remarkable not only for a firmer than expected tone, but also the extent of the commentary in that tone.

The factors driving the RBNZ's thinking are:

- net migration remaining high and sustaining high inflation for longer;
- inflation expectations remaining higher than anticipated at this point;
- higher non-tradeable inflation forecasts in the short term than earlier foreseen;
- a more stimulatory fiscal outlook than was in the May Budget;
- A higher assessment of where the neutral level of the OCR over the longer term.

This suggests it wouldn't take much for the RBNZ to follow through with an actual hike and serious downside surprise before contemplating a cut.

In the Governor's own words, the RBNZ is "in no mood to cut".

However, despite the risk of a rate rise still being very real, markets don't appear convinced about that rate track at this stage.

Fiscal performance

The government's operating balance before gains and losses was a deficit of \$3.85b in the four months ended Oct 31, \$91m more than the Treasury's pre-election forecast, though wider than the \$2.79b deficit reported a year earlier.

Confidence lifts slightly

Consumer confidence rose slightly in Nov but remains "very subdued", with inflation expectations much higher than they were pre-covid. ANZ Roy Morgan's monthly survey, said consumer confidence rose 4 points to 91.9. By comparison, confidence was sitting slightly above 120 pre-covid.

House prices and building activity

ANZ Bank cut its 2023 house price forecast to a 0.4% decline on a three-month moving average basis, having previously predicted a 0.2% fall.

Building activity fell a seasonally adjusted 2.4% in the three months ended Sept 30 from the June

quarter, with residential work contracting 0.6% and non-residential shrinking 5.9%, Statistics NZ figures showed.

The average build cost of a typical urban home increased by 4.9% for the 12 months to Nov. This compares with last year's average annual increase of 11.3% and 14.7% for the Nov 2021 year, according to from Quotable Value data.

Belts tighter

The volume of supermarket and grocery sales shrank 0.1% in the Sept quarter, whereas the value of those sales was up 8.4% at \$6.43b.

Trade data

NZ exported \$615m worth of red meat during Oct, a 14% decrease from Oct 2022 with weaker demand in China. General sheepmeat export volumes grew by 17% in Oct to 26,170 tonnes, but the value decreased by 6% to \$264m. 26,348 tonnes of beef was exported however, the value slipped 13% to \$228m this Oct.

Key commodities outlook

Global dairy prices have stalled after bouncing from their mid-August low. Prices are well above their low but still about 10% lower than a year ago. NZ milk production has been tracking above year earlier levels, perhaps stronger than some feared earlier in the season. Meanwhile, US milk production continues to trail year earlier levels. A lift in global risk appetite and a lower US dollar of late suggests some upside risk for dairy returns, although an associated higher NZD would be a local price headwind over time.

International lamb pricing remains weak. Very large volumes of Australian product, amplified by El Nino, has lifted competition across many markets while below average economic growth in several key is restricting demand. Domestic lamb prices have been under material downward pressure. Prices well below average are expected on an inflation-adjusted basis, and prices are at risk of being lower for longer as elevated global supply persists.

US beef prices have eased over the past two months, as US supply has remained relatively elevated. Beef supply, more generally, is likely to remain a headwind for markets, including from South America and Australia (as El Nino-driven production continues). Demand continues to be variable across markets. **Economic conditions in Europe** remain challenging, but there is expansion opportunity for ONZ beef via free trade agreements. There are some hints of improvement in China, albeit from markedly lower export levels compared to a year ago. ■

Primary Sector

Fonterra lifted its FarmGate Milk Price forecast 25 cents to \$7.50 per kgMS, with the forecast range moving from \$6.50-\$8.00 per kgMS to \$7.00-\$8.00 per kgMS.

Synlait Milk upped its forecast base milk price for the 2023-24 season to \$7.25 per kgMS from \$7.00/kgMS due to the continued strength in the US dollar and dairy commodity prices recovering after significant declines in Aug.

ANZ lifted its farmgate milk price forecast for the 2023-24 season by 55 cents to \$7.70 per kgMS for the 2023-24 season.

ArborGen's revenue for the six months to Sept 30 increased 78% to \$13.2m, leading to a 167% increase in gross profit to \$4.8m. It revised its guidance for the full year, with lower-than-expected seedling sales anticipated in the United States.

Energy and resources

Genesis Energy announced a strategy reset, outlining plans to use profits from the Kupe gas field to support the development of renewable generation and grid-scale battery storage at its Huntly site, which is treating as strategically valuable, even as it plans to move away from thermal generation. It aims to stop using coal, which it will replace with bio-fuel.

OMV said there had been limited interest in buying its NZ oil and gas fields.

Z Energy is being taken to court by **Consumer NZ** and two non-profit organisations accusing it of misleading customers over climate change action.

Banking, finance and insurance

Forsyth Barr bought **Hobson Wealth** for an undisclosed sum. The deal will take effect from Dec 11, creating a firm with more than 600 staff across 25 offices and managing and advising client assets of more than \$30b.

Tower is reviewing its ownership structure to boost its value for shareholders and optimise its capital structure. The review is supported by Bain Capital, which has a 20% stake in the insurer, with Goldman Sachs assisting with the review.

The **Reserve Bank** will continue using its own liquidity metrics but will apply those requirements on a proportionate basis after its latest consultation with the sector.

Kiwibank introduced Apple Pay.

Telecommunications, media & entertainment

SkyCity downgraded earnings expectations for

FY24 to ebitda of between \$290m and \$310m, having previously guided to a modest increase on last year's \$310m result. It cited economic conditions reducing spend, particularly on slot machines.

Car website **Auto Trader** was sold to Japanese automotive business Optimus Group.

Manufacturing and construction

Fisher & Paykel reported NPAT of \$107m for the six months to Sept 30 and increased its interim dividend to 18c per share up from 17.5cps in the same period in the previous financial year.

Bremworth said it was still considering the future of its Cyclone Gabrielle damaged plant in Napier and the extent to which yarn supply from other sources can play a role.

Foreign Minister **Winston Peters** says the government will only work within the budget for **Scott Base** reconstruction that is already agreed. Costs on the project have blown out and sponsorship funding options appear not to have crystallised.

Courts, legal and regulation

The **Chief Justice** has issued guidelines on how **generative AI** should be approached for use in the courts. They warn that although AI can be useful for summarisation, care should be taken in relying on it for legal research or analysis.

The high court ruled that **Ken Wikeley** and **Eric Watson** must desist from pursuing an apparent coal agreement at the centre of the global litigation against **Owen Glenn**, saying the default judgment was obtained by fraud.

The **Medical Assurance Society** was ordered to pay a penalty of \$2.1m after admitting it breached one of the Financial Markets Conduct Act fair dealing provisions for misleading some customers over premiums.

The high court increased a fine on **NZME Advisory** to \$195,000 from the \$87,750 imposed by the district court for the supply of unsafe magnetic toys that caused a child to require surgery.

The **NZ Law Society's** independent prosecution body says it is not appealing the disciplinary decision against insolvency lawyer **Murray Tingey**.

Innovation, technology and IT

The **Auditor-General** produced a deeply critical report on the way that **Callaghan Innovation** managed due diligence processes in an RFP that saw an Auckland firm, **WeAreIndigo/Manaaki** declined as a bidder. Indigo/Manaaki is seeking compensation for costs incurred as well as the apology it has

CORPORATE ROUND-UP

received. The issues occurred under the stewardship of the previous CEO, **Victoria Crone**, who left the organisation in July last year, part-way through disputes with Manaaki.

Gentrack's net profit was \$10m in the 12 months ended Sept 30, turning around a loss of \$3.3m a year earlier. Revenue climbed 34.5% to \$169.9m and Ebitda was \$23.2m from \$8.1m.

ERoad affirmed guidance for the full financial year of 6-9% revenue growth to between \$175m and \$180m, with a normalised Ebit of up to \$5m.

TradeWindow is moving to cut its cash burn from \$1m a month this financial year to below \$200,000 as it cut staff and looks to sell two ancillary businesses, **Rfider** and **Assure+**.

Service industries and healthcare

Arvida reported a 1% increase in profit after tax to \$90m for the six months ended Sept 30. However, underlying profit declined by 14% to \$33.6m.

Ryman Healthcare reported net profit after tax fell 4% from \$193m a year ago to \$186.7m for the six months to Sept 30. It reported a \$139m underlying profit, up slightly on the \$138m it made at this time a year ago. Revenue rose from \$274m to \$322m

Savor reported a 40% increase in revenue to \$29.1m the six months ending Sept 30 2023. Net profit after tax was a loss of \$0.1m, an improvement from the \$1.7m loss in the prior year when adjusting for one-off restructuring and interest costs. Including those charges, the net profit after tax was a loss of \$0.4m.

WasteCo Group reported a 22% increase in revenue to \$20.8m for the six months ended Sept 30 compared to the same period last year with a net loss after tax of \$1.1m due primarily to one-off costs.

Tourism, transport and logistics

The chair and CEO of **KiwiRail**, **David McLean** and **Peter Reidy**, briefed incoming Minister of Finance, **Nicola Willis**, before the conclusion of coalition negotiations on cost escalation for new wharf facilities required to accommodate new inter-island ferries. The project cost was now "many times more" than originally budgeted, Willis said.

Air NZ announced the purchase of a first electric

plane, which it will trial from 2026 for domestic freight cargoes on sectors of up to 150km. It has the option to two more and rights for up to 20 of the 12 metre long **BETA ALIA CTOL** aircraft, which it is intended would eventually also offer passenger services, once proven safe and reliable.

Entrada Travel Group purchased **Greyhound Australia** for an undisclosed sum.

Skyline Enterprises lifted pre-tax earnings 13% to \$29.6m on \$106m in revenue for the half year to Sept, up 16% on the prior year on the back of an influx of tourists into its NZ, Canadian and Singaporean facilities.

Property

Kiwi Property's investment portfolio fell 2.5% by value, or \$81.1m to \$3.1b at Sept 30, with property disposals also contributing to a net loss of \$36.5m for the first half of the year. It realised \$127m from the sales of its Westgate Lifestyle and Sylvia Park Ikea sites, largely contributing to an 11.3% slide in revenue to \$117.7m from \$132.7m for the comparable period last year.

Asset Plus reported a loss of \$4.72m for the six months ended Sept 30, compared to a \$290,000 profit in the same period last year. The loss was primarily due to a downward revaluation at Munroe Lane.

Corporate actions

Forsyth Barr is to acquire Auckland-based wealth management service **Hobson Wealth** for an undisclosed sum. Hobson Wealth is 59.1% owned by founder **Warren Couillault**.

Skellerup chair **John Strowger** said he has been nominated to the Sanford board by minority shareholder Tasman Equities, linked to Christopher Spencer and former banker Jonathan McHardy.

Capital markets

Would-be milk processor **Happy Valley Nutrition** will be removed as a registered entity after its chair quit as a director, leaving no one on the board.

Turners Automotive Group and **Gentrack** will be added to the S&P NZX 50 Portfolio Index and MidCap Index. ■

